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(Conflict Reduced in Mindanao and Other Areas Vulnerable to Violence)

Mindanao shippers vow to push for reforms

ZAMBOANGA CITY – In a two-day conference that was more about lips than ships, shippers industry adversaries simply talked themselves into another anodyne "Action Agenda" which they devotedly sent to Manila for last rites.

Participants at the fifth Mindanao Shippers Conference – shippers, exporters, freight forwarders and consolidators, representatives of shipping lines and cargo handling companies, and officials of concerned government institutions – vowed to get their act together and jointly push for industry-specific reforms geared towards eliminating inefficiencies in the system and to spur not only the industry's development but also the economic growth and market reach of Mindanao.

The delegates submitted their "Private-Public Sector Action Agenda" to the national government, which outlines specific recommendations for enhancing the competitiveness of the country's shipping industry.

For decades, the domestic shipping industry has been saddled by high shipping and cargo handling rates, rising fuel costs, inefficient port services, lack of sufficient cargo volumes and the absence of government incentives to encourage increased private sector investments in the industry.

According to the Mindanao Federation of Shippers' Associations (MINFESA), three freight increases in a span of one year – 9.6 percent in October last year; six percent in January; and 6.9 percent in July – destroyed the region's competitive advantages of cheap labor, high productivity and quality produce.

MINFESA also said cargo handling operators in Manila's North Harbor recently applied for an 18-percent tariff rate increase. As a result, port-related charges from Mindanao to Manila are estimated to increase by an average of 40 percent in the next year.

Factoring in the 12.49-percent upward adjustment of the domestic sea freight rate for this year alone, total shipping costs from Mindanao to Manila are expected to soar by almost 20 percent.

MINFESA president Vic Lagdamen described the situation confronted by Mindanao shippers as "business un-usual," as the cost of doing business has become very high, driving their production costs through the roof and limiting their ability to effectively compete in local and international markets.

"While we've been arguing in the Philippines (as to who is at fault), business-oriented producers, consolidators, shippers and transport companies in Singapore, Malaysia and China have been developing strategies to efficiently compete in global markets," noted John Dalton, chief of party of the USAID-funded Growth with Equity in Mindanao (GEM) Program.

"They're winning. We're losing," Dalton said, adding that now is the time for action not action plans. He challenged conference delegates to be realistic in setting objectives.

He stressed that shipping is "all about doing business for profit. Everyone needs to make money for the system to work efficiently."

He said this is why GEM is actively promoting increased production, cargo consolidation for high value produce, and improved logistics at key ports and on improving transport vessels to move Mindanao products to markets in China and Japan.

(Source: Philippine Star, 8/28/05, page 19)